GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:750
ANSWERED ON:17.05.2002
RATE OF INTEREST ON PF
VILAS BABURAO MUTTEMWAR

Will the Minister of FINANCE be pleased to state:

(a) whether the rate of interest paid on Provident Fund to the employees of the ReserveBank of India is quite at variance to the interest paid to the other employees in the banking and insurance sector;

(b) if so, the rates of interest being paid by different banks including the Reserve Bank of India to their employees on their provident fund dues;

(c) the sources from which this higner returns on. provident fund are met by the RBI; and

(d) the reasons for variation in rates Â£Tom employees in other sectors?

Answer

FINANCE MINISTER (SHRI YASHWANT SINHA)

(a),(b), (c) & (d) : A Statement is laid on the Table of the House.

Statement refered to in reply to parts (a),(b),(c) & (d) of Lok Sabha Starred QuestionNo. 750 for 17.5.2002 tabled by Shri Vilas Muttemwar regarding Rate of Interest on PF

(a) & (b) Keeping in view the reduction in the administered rates of interest on PPF, GPF and EPF, Reserve Bank of India has been bringing down gradually the rate of interest on Provident Fund of RBI employees over the last 3 years. The rate of interest, which was 13.25% in 1999-2000, was brought down to 11.50% for 2001-2002 with the intention to achieve parity with administered interest rates by 1 st April, 2003.

In so far as Public Sector Banks and Insurance Companies are concerned, depending on the interest income earned on the investments of the Provident Fund Trusts,. the interest rate has varied between 9% and 11.5% during the last financial year.

(c) & (d) The interest on provident fund for Reserve..:Bank employees is fixed by the Central Board of the Bank and paid from General Fund in accordance with a formula specified for the purpose; whereas in the case of employees in other sectors viz. Public Sector Banks, Insurance Companies & those covered by EPF scheme, the rates are decided depending upon the income generated through investments of the respective Provident Funds.